GOVERNMENT OF INDIA
AGRO AND RURAL INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:4375
ANSWERED ON:21.04.2003
EXCISE DUTY ON AGRO PRODUCTS
A.K. PREMAJAM

Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:

(a) the details of incentives/subsidy provided by the Government for encouraging consumption of bagasse and agro waste;

(b) whether the Government have imposed 8% of excise duty on agro-based products and reduced import duty on such products by 5%;

(c) if so, whether it is likely to adversely affect the ago-based eco-friendly industry producing fibre boards; and

(d) if so, the steps taken by the Government to reduce the excise duty and raise the import duty on such products to rehabilitate the industry?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF AGRO AND RURAL INDUSTRIES (SHRI SANJAY GAUTAM)

(a): The Details of incentives/subsidy provided by the Governmentfor encouraging consumption of bagasse and agro waste; is at Annexure-I.

(b) to (d): In the current year`s budget proposals (2003-04), the central excise duty exemption available for wood free plain or pre-laminated particle or fibreboards, made from sugarcane bagasse or other agro waste was withdrawn. The central excise duty exemption available for the first clearances of upto 3500 MTs of paper and paperboards and articles made therefrom, manufactured from 75% or more of un-conventional raw materials was also withdrawn. A central excise duty of 8% with CENVAT credit was imposed on these goods. The withdrawal was on the basis of the accepted principle that while taxation should be moderate, the tax base has to be large so that every sector contributes moderately to the national economy.

The peak rate of customs duty was reduced in this year`s budget from 30% to 25% and consequently the general rate of basis customs duty in respect of fibreboards and wood or other ligneous materials, particle boards or similar boards of wood or other ligneous materials and paper and paperboards and articles made therefrom, was reduced from 30% to 25%.